



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 24, 2005

Michael Terry
Anasazi Gold Reserves
Box 77
Prospect Mine Road
Virginia City, Montana 59755

Subject: Complete Notice of Intention to Commence Small Mining Operations,
Anasazi Gold Reserves, Highland Mist Mine, S/021/035, Iron County,
Utah

Dear Mr. Terry:

On March 10, 2005, the Division received your Notice of Intent (notice) and initial permit fee payment for your proposed Highland Mist Mine located in:

S½ of the NE¼ of the NE¼, and the NW¼ of the NE¼ of the NE¼ of
Section 36, T32S, R6W; and
the NE¼ of the SW¼ of the NW¼ of Section 36, T32S, R5½W, SLBM, Iron
County, Utah.

On May 18, 2005, we received your Reclamation Contract and \$14,000 CD issued by Central Bank, American Fork, Utah. The Reclamation Contract was signed on May 23, 2005, which signifies that the Notice of Intention is complete and the surety form and amount is approved. Copies of the fully signed and executed documents are enclosed for your files. A copy will also be sent to SITLA for their records. **You may commence with your mining operations as outlined provided you have received written approval from School and Institutional Trust Lands Administration.**

The Division requests that you mark the proposed/actual disturbed area boundary (including access/haul roads) in the field with metal T-Posts (or other suitable, fixed markers) to assure that operations do not exceed **the four acre limitation of this permit**. Markers should be spaced so that the next marker in either direction is clearly visible.

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Anasazi Gold Reserves, Highland Mist Gold
S/021/350
May 25, 2005

You are not authorized to disturb beyond the 4 acres without first amending your notice, adjusting the bond amount and receiving written acceptance from this office. If you wish to expand to a large mine status, approval typically takes up to six to twelve months or longer. Please allow the appropriate lead time to complete the permitting. The reclamation surety will be periodically reviewed to assure that it remains adequate.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices", and the statutory penalty for failure to reclaim a minesite (SMO-summary). (The mining rules in their entirety can be obtained at <http://www.rules.utah.gov/>.) Please give special consideration to item #10 of the "Operation and Reclamation Practices." Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation. If the area being mined is a solid rock outcrop, or very rocky, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future surety release.

Please be advised that if you encounter any archaeological or historical concerns, you are to immediately cease operations and notify this office and State History of your find.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5258 or Doug Jensen at 538-5382. Best wishes with your new mining venture.

Sincerely,



Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

SMW:dj:jb
Attachment: SMO summary
Enclosure: Copy of RC & surety forms
cc: Will Stokes, SITLA
O:\M021-Iron\S0210035-HighlandMist\final\smoapv1-05252005.doc